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Morocco

Citrus

Annual

2002

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Report Highlights:
Fresh citrus production is expected to be up this year which, combined with an anticipated higher quality, is expected to result in higher exports. Morocco is expected to sign a free trade agreement with the U.S. in 2003 which should result in an increase of fresh citrus exports to the U.S. Several limiting factors will limit the increase of exports to the U.S.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Production

Morocco citrus production is expected to increase about 13.8 percent to 1.3 MMT. The increase is expected be both in oranges and small, tangerine-like citrus fruits. The adequate rainfall during the spring of last year combined with mild summer temperatures resulted in higher quality (larger sizes) compared to last year which should boost exports this year. The maturity for tangerine-like fruits is late about two weeks this year which prevented Morocco from benefitting from the high revenues of an early entry into the export market.

The table below provides data on production and exports by variety for the past and the upcoming year (quantities in thousands of metric tons):

Varieties	**PRODUCTION**(1)		**EXPORTS**(2)	
	2001	**2002 Forecast**	**2001**	**2002 Forecast**
Clementine	286	358	122	172
Nour	55	41	40	40
Ortanique	31	16	13	8
Nova	9	13	5	7
Other Small	24	30	10	5
Total Small	**405**	**458**	**190**	**232**
Maroc Late	387	460	153	190
Navel	227	240	32	40
Sanguine	47	55	27	30
Salutiana	42	42	28	34
Others Oranges	17	17	0	0
Total Oranges	**720**	**814**	**240**	**294**
Others Citrus	17	28	0	0
Total Citrus	**1,142**	**1,300**	**430**	**526**

Note 1) Production estimates are from the Producers Association, ASPAM. Estimates have been more accurate for the early production varieties as the weather during the coming months might affect considerably estimates for late varieties (especially Maroc-Late).
2) Trade Figures: Data are from the EACCE office. They may differ from the official figures (used in PS&D tables) but are more timely and thus used as first estimates.

On the long term, citrus production is not expected to increase significantly in spite of the GOM and farmers organization ambitious plans to expand planted area, reconvert to new varieties, and replace old orchards. Compared to the 4,300 ha scheduled to be planted each year, and despite the GOM incentives (see MO0029), only about 1,200 ha are planted each year. About half of this area is just to replace existing orchards. Eventually, the low planting suggest that Morocco might be unable to even fulfill the increasing local demand for some varieties of citrus in the future.

Citrus production in the Souss (vicinity of Taroudent), that accounts for over half of Morocco's exports of fresh citrus, is threatened by the four consecutive years of drought that aggravated the drawing down of the water table and the decline of water reserves of the dams in the South. Also, uncertainties about the export markets (E.U.) and the stiff competition of the producers in third markets (because of E.U. restitutions) exacerbate the fear of many producers and discourage them to expand or replace their existing citrus orchards.

The citrus industry plays a major role in the economy of citrus growing areas. It provides some 21 million day of work and 50,000 permanent jobs. There are currently some 58 packing houses spread throughout Morocco of which many are modern and some meet the international ISO quality standards. About 10 percent of the production is from government owned farms.

Trade

Exports of fresh citrus should increase significantly to reflect the increase in production and the higher quality this year.

The E.U. market will continue to be the main outlet for Morocco's fresh citrus exports in spite of the downward trend over the past few years. The proximity of this market, the high prices paid by the consumers, and more importantly, the preferential access given to Moroccan citrus fruit under the Morocco- E.U. Free Trade Agreement (see MO0028) are appealing to Moroccan exporters. The non- E.U. markets, commonly known in Morocco as "Contract Markets", include Russia, Lithuania, Saudi Arabia, and Canada and account each year for 35-46 percent of Morocco's fresh citrus exports. For these markets, each year, arrangements are made between importers and Moroccan exporters to ship agreed-upon quantities and quality of fruits. The Eastern-European markets in particular have been generally buying lower quality, cheaper fruit that are less suitable for the E.U. market.

Over three quarter of Morocco's citrus exports are done by pallets that are directly hauled into ships. About 12 percent are exported in containers while about 11 percent are exported in refrigerated trucks trough Spain.

Export Subsidy

The GOM announced in March 2002 that exporters will benefit from an export subsidy when exporting to non-E.U. countries. The subsidy of 200 dirhams/MT (about$20/MT) will be applied to all fresh citrus exports going to Russia and to the increments of exports to other non-E.U. countries. The base year used to compute the increment in exports for each exporting packing house to non-E.U. countries is September 2000-August 2001.

Sources indicated that the Eastern -European market is the main target behind this subsidy program and is an attempt to compensate for the E.U. restitutions given to E.U. exporters when exporting to these markets. However, in many cases, the $20/MT export subsidy is insignificant compared to export prices and is unlikely to affect selling decisions. Finally, sources indicated that it is unlikely the subsidy will be applied to the U.S. market once the Free Trade Agreement with the U.S. is implemented.

Shipments to the U.S.

Morocco is about to enter negotiations of a free trade agreement with the U.S. This will open many opportunities for U.S. exporters of agricultural products. Moroccan citrus exports to the U.S. might increase as a result of FTA but are not likely to reach 50,000 MT in the best years in the long term because:

- As previously discussed, the Moroccan citrus production is not expected to increase significantly in the long term.
- U.S. tariffs on citrus are not the primary barrier to exports.
- The stringent APHIS phytosanitary requirements (for Mediterranean Fruit Fly) increase considerably the risk for Moroccan exporters. Currently, Moroccan officials are authorized to pre-clear containers for cold treatment but there are no guarantees to exporters that, once it arrives the U.S., the container will not be subject to additional APHIS and FDA restrictions.
- Exporting to the U.S. requires that the exporting groups devote costly resources and implement strict quality control procedures, and be able to handle relatively large size shipments. In comparison, shipments to the E.U. can be done by pallets hauled directly into ships or send by trucks through Spain.
- Absence of direct shipping lines between Morocco and the U.S.

Processed Citrus

Citrus processing went down significantly last year to 18,350 MT which represented only 5.5 percent of FRUMAT (largest citrus crusher by far and sole concentrate producer) capacity. The low citrus production last year resulted in high prices in the fresh fruit market that FRUMAT was unable to match.

This year, 2002/2003, FRUMAT anticipates higher processing because of the expected larger crop. FRUMAT forecast to process at most 50,000 MT of citrus next year which will still represent only 15 percent of the nominal capacity and is unlikely to significantly help the company recover from its weak financial situation. Actual crushing will depend heavily on the demand for oranges in the export market that, in turn, impacts the prices of fresh oranges in the local market. Normally, processing is considered by citrus producers as the least desirable outlet after the export and the local fresh markets. The lack of integration and the fragile financial situation of FRUMAT forces it to buy fresh citrus from farmers at a considerably lower prices than the fresh market (about 1098 dirhams per MT ($110/MT)). Therefore, unless the citrus harvest is exceptionally good and prices of the local market prices drop significantly, the option of delivering to FRUMAT will remain less appealing to Moroccan citrus producers. FRUMAT is owned partly by the local citrus producers, and continue to be by far, the major citrus processor and the sole citrus concentrate producer in Morocco.

The export estimate for 2000/2001 has been lowered, due to new information regarding the higher proportion of juice versus concentrate exported. Despite lower production in 2001/2002, exports were higher than anticipated as stocks were drawn down. FRUMAT will continue to depend heavily on the export market of citrus concentrate, especially to the E.U. (France) where Moroccan citrus juice and concentrate enjoy preferential access under the Morocco-E.U. Free Trade Agreement (see MO0028). Currently, 97 percent of Moroccan juice exports are shipped to the E.U. with France alone accounting for over 83 percent.

PSD Table						
Country	Morocco					
Commodity	Fresh Tangerines				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Planted	21	21	21	21	0	21
Area Harvested	20	20	20	20	0	20
Bearing Trees	6700	6700	6700	6700	0	6700
Non-Bearing Trees	150	150	150	150	0	150
TOTAL No. Of Trees	6850	6850	6850	6850	0	6850
Production	260	260	310	405	0	458
Imports	0	0	0	0	0	0
TOTAL SUPPLY	260	260	310	405	0	458
Exports	136	136	190	190	0	232
Fresh Dom. Consumption	124	124	120	215	0	226
Processing	0	0	0	0	0	0
TOTAL DISTRIBUTION	260	260	310	405	0	458

Export Trade Matrix, Morocco, Fresh Tangerines			
Time period	5	Units:	Metric Tons
Exports for:	2001		2002
U.S.	3363	U.S.	
Others		Others	
Russia	44212		
France	35808		
Canada	28256		
Holland	24583		
Belgium	9529		
Sweden	8212		
Saudi Arabia	6483		
Norway	5090		
Germany	4526		
Finland	4236		
Total for Others	170935		0
Others not Listed	15202		
Grand Total	189500		0

PSD Table						
Country	Morocco					
Commodity	Fresh Oranges				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Planted	49	49	49	49	0	49
Area Harvested	48	48	48	48	0	48
Bearing Trees	15900	15900	15900	15900	0	15900
Non-Bearing Trees	200	200	200	200	0	200
TOTAL No. Of Trees	16100	16100	16100	16100	0	16100
Production	693	693	680	720	0	814
Imports	0	0	0	0	0	0
TOTAL SUPPLY	693	693	680	720	0	814
Exports	240	240	200	240	0	294
Fresh Dom. Consumption	415	415	450	462	0	470
Processing	38	38	30	18	0	50
TOTAL DISTRIBUTION	693	693	680	720	0	814

Export Trade Matrix, Morocco, Fresh Oranges			
Time period	9/01-8/02	Units:	Metric Tons
Exports for:	2001		2002
U.S.	306	U.S.	
Others		Others	
Russia	92300		
Holland	34998		
United Kingdom	28310		
France	27859		
Belgium	20768		
Germany	11055		
Canada	6427		
Sweden	5562		
Saudi Arabia	2348		
Senegal	1127		
Total for Others	230754		0
Others not Listed	8938		
Grand Total	239998		0

PSD Table						
Country	Morocco					
Commodity	Fresh Citrus,Other				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Planted	5	5	5	5	0	5
Area Harvested	5	5	5	5	0	5
Bearing Trees	1200	1200	1200	1200	0	1200
Non-Bearing Trees	15	15	15	15	0	15
TOTAL No. Of Trees	1215	1215	1215	1215	0	1215
Production	10	10	10	10	0	10
Imports	0	0	0	0	0	0
TOTAL SUPPLY	10	10	10	10	0	10
Exports	0	0	0	0	0	0
Fresh Dom. Consumption	10	10	10	10	0	10
Processing	0	0	0	0	0	0
TOTAL DISTRIBUTION	10	10	10	10	0	10

PSD Table						
Country	Morocco			65	Degrees Brix	
Commodity	Juice, Orange				(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Deliv. To Processors	38	38	30	18	0	50
Beginning Stocks	3055	3055	155	3355	155	1055
Production	4000	4000	3200	1600	0	4550
Imports	400	400	500	500	0	500
TOTAL SUPPLY	7455	7455	3855	5455	155	6105
Exports	5500	2500	1900	2800	0	3300
Domestic Consumption	1800	1600	1800	1600	0	1600
Ending Stocks	155	3355	155	1055	0	1205
TOTAL DISTRIBUTION	7455	7455	3855	5455	0	6105

PSD Table						
Country	Morocco					
Commodity	Fresh Lemons				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Planted	1	1	1	1	0	1
Area Harvested	1	1	1	1	0	1
Bearing Trees	280	280	280	280	0	280
Non-Bearing Trees	10	10	10	10	0	10
TOTAL No. Of Trees	290	290	290	290	0	290
Production	20	20	20	20	0	20
Imports	0	0	0	0	0	0
TOTAL SUPPLY	20	20	20	20	0	20
Exports	0	0	0	0	0	0
Fresh Dom. Consumption	20	20	20	20	0	20
Processing	0	0	0	0	0	0
TOTAL DISTRIBUTION	20	20	20	20	0	20